

File: PROCUREMENTLEGISLATIVE ANALYSIS

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Bill No. H.R. 1939 Report No. \_\_\_\_\_ Companion No. \_\_\_\_\_Title: noneSubject: limitation of profits on military contractsAmends. 10 U.S.C. §2382

Contacts: \_\_\_\_\_

Conclusion: ☒ No Agency objection☐ Agency objection and/or needs amendment

Analysis: This bill would amend the Armed Forces procurement statute so as to include therein a provision ~~XXXXXXXXXX~~ on control of excess profits on negotiated contracts. The provision would require the Comptroller General to monitor ~~XXXXXXXXXXXXXXXXXXXX~~ negotiated defense contracts over \$10M and certify to Congress whether amount of profit was reasonable; he would also be required to do a yearly study of trends in this area. ~~XXXXXXXXXXXXXXXXXXXX~~ Other than these two requirements and the statement that the profit on defense contracts shall be reasonable, the bill ~~XXXXXXXXXXXX~~ in effect does nothing.

As the Agency is not involved with defense contracts as they are referred to under the bill, the ~~XXXXXX~~ Agency would have no objection to or interest in the bill.

In any event, because ~~fix~~ the ~~XXXXXX~~ has ~~fix~~ only one sponsor and is not particularly sophisticated in its draftmanship, it does not appear that it will see any action.

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3/23/82

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15 MAR 1983

98TH CONGRESS  
1ST SESSION

# H. R. 1939

To amend title 10, United States Code, to provide for improved control of excess profits on negotiated defense contracts.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 1983

Mr. GONZALEZ introduced the following bill; which was referred to the Committee on Armed Services

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## A BILL

To amend title 10, United States Code, to provide for improved control of excess profits on negotiated defense contracts.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That (a) [REDACTED], United States Code, is  
4       amended by inserting after [REDACTED] the following new  
5       section:

6       “§ 2382a. Control of excess profits on negotiated contracts

7       “(a)(1) Profits on negotiated contracts of the Depart-  
8       ment of Defense shall be reasonable.

9       “(2) In determining the reasonableness of defense con-  
10      tracts for the purpose of this section, there shall be taken into

1 consideration the same factors required to be taken into con-  
2 sideration in determining excessive profits under the Renego-  
3 tiation Act of 1951.

4       “(b) The Comptroller General shall examine each nego-  
5 tiated defense [REDACTED] for an amount in excess of  
6 [REDACTED] and shall certify to Congress whether the  
7 amount of profit allowed under the contract is reasonable.  
8 Upon completion of the contract, the Comptroller General  
9 shall again examine the contract and shall certify to Congress  
10 whether the amount of profit actually paid under the contract  
11 is reasonable.

12       “(c) [REDACTED], the Comp-  
13 troller General shall submit a report to Congress on the rea-  
14 sonableness of profits paid on negotiated defense contracts  
15 during the preceding fiscal year. Each such report shall in-  
16 clude, by categories of contracts, [REDACTED] at the  
17 time contracts are entered into and on actual profits paid  
18 upon contract completion and shall include such recommen-  
19 dations for legislative and administrative action as the Comp-  
20 troller General considers appropriate.”.

21       (b) The table of sections at the beginning of such chap-  
22 ter is amended by inserting after the item relating to section  
23 2382 the following new item:

“2382a. Control of excess profits on negotiated contracts.”.

24       SEC. 2. Section [REDACTED], United States Code,  
25 as added by the first section of this Act, shall apply with

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- 1 respect to contracts entered into after the end of the 180-day
- 2 period beginning on the date of the enactment of this Act.

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